REMARKS

Claims 1-12 were examined in this application. Independent claims 1, 5 and 9 have been amended to adopt limitations found in claims 3, 7 and 11. These dependent claims have been cancelled. Other claims have been amended to make it clear that the applicants do not intend to invoke § 112(6).

Interview Summary

The applicants thank Examiners Stanley and Le for the interview conducted on March 5, 2008. The interview was telephonic, with use of WebEx to allow the Examiners and counsel to simultaneously view the same passages of the references.

During the interview, Examiner Le advised that different passages cited in the office action were the basis for the rejection. Applicants agreed to further consider the additional passages of Abecassis and to recontact the Examiners. Applicants did so within a day or two and counsel was advised to submit remarks in writing instead of proceeding with an additional interview.

Rejection of Claims 1-4

The Examiner rejects **claims 1-2** under 35 U.S.C. § 102(e) as anticipated by Megeid et al. (US 2007/0055980) and rejects **claims 3-4** under 35 U.S.C. § 103(a) as unpatentable over Megeid in view of Abecassis (US 6,553,178).

Claim 1

Claim 1, as amended, includes the limitations previously in claim 3:

a. storing one or more TV programs containing a first class of metadata including a start location and a stop location of potentially undesired segments;

b. retrieving one of the TV programs for display;

c. defining, with a second class of metadata, unwanted segments specific to the user of said TV display,

d. matching the first class of metadata with the second class of metadata; and

> e. removing, responsive to matching the first class of metadata with the second class of metadata, undesired segments from the TV program; and
>
> f. reimbursing program suppliers for a financial loss occasioned by removed material.

These limitations are not found in Megeid in view of Abecassis.

In Megeid, metadata is used to edit a program, removing unwanted segments, and produce a condensed program. This automates how viewers use TIVO. After an undesired program segment has been identified, the method calculates a time compensation factor for removing the undesired program segments, and displays the program to the user uninterrupted.

The present claim is written with recognition of the program supplier's need to maintain the coupling between programming and advertising if the national model of advertising-supported television is to remain viable. To maintain the same level of free programming, it is useful to provide an alternate revenue source for program suppliers.

The present claims balance between the viability of the national model of free television and the consumers' desire to opt out of watching unwanted commercials. A program supplier provides TV programs with embedded commercials. An hour long program, for instance, may include 32 separate commercials, each thirty seconds long.[1] According to this application, advertisers purchase the slots for $0.01- $0.02 per expected viewer. The advent of PVRs (Personal Video Recorders) upsets the advertisers' expectations, as consumers increasingly skip commercials. This application reports research indicating that up to 80% of commercials are skipped by those with PVRs.

The technology disclosed aims to offset the loss of advertising revenue by delivering enhanced skipping of program segments in exchange for compensation to program suppliers. We assume, in a time shifted environment, that viewers who value their time at a dollar or more per hour may be willing to pay for the privilege of skipping commercials automatically. That is, they may be willing to make a compensatory payment to the broadcaster or advertisers for the commercials not watched. In the applicants' model, the customer pays to compensate for lost advertising revenue.

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[1] The number of commercials, thirty-two, is chosen as an approximation of the number of commercials generally played through a one hour show.

Therefore, according to this model, the advertiser's money is dedicated to the consumer who is likely to watch the advertisement, thus increasing the benefit to the advertiser. This model supports the traditional "free television" or advertising supported television, enhanced with an option for some viewers to buy automatically edited programs without commercials.

Megeid does not provide the advertising industry or the consumers with such an option. Megeid cuts out advertisements from the programs and does not take any steps to avoid loss to advertisers. This distinguishes Megeid from the present claim. Unlike Megeid, the claimed technology preserves the idea of giving consumers an option and at the same time provides advertisers with better targeted advertising.

The technology disclosed is not taught by Abecassis either individually or in combination with Megeid. The secondary reference teaches a system in which the consumer gets a nominal monetary credit for watching advertisements. [para 45, lines 18-20]. That is, Abecassis teaches money flowing from the advertiser to the consumer on an opt-in, verified basis, instead of money being paid by the consumer. To assure advertisers that their money is well spent, Abecassis teaches requiring the user to verify watching the content, via a "verification routine." The user is credited for watching optional material only if the user satisfies the verification routine. This method credits the user with a nominal amount after making him or her confirm that he/she has watched the videos, is completely different from the applicants' claims.

The Examiner does not acknowledge or address the difference between these claim limitations and what Abecassis teaches. There is no cited teaching, suggestion, or motivation to modify Abecassis before combining it with Meld. The Examiner does not follow any of the nine alternative patterns for asserting non-obviousness. It does not make any sense to assume that one of ordinary skill in the art would turn Abecassis inside out, abandon the touted verification routine, reverse the payment flow and combine it with Megeid. To change Abecassis so much invokes an inventive effort and requires using the applicants' claims as a road map.

Therefore, claim 1 should be allowable over Megeid in view of Abecasis.

Claim 2

Claim 2 should be allowable over Megeid in view of Abecasis for at least the same reasons as claim 1, from which it depends.

(Claims 3-4 are cancelled.)

Applicants respectfully submit that claims 1-2 should be allowable over Megeid in view of Abecasis.

Rejection Under 35 U.S.C. § 103(a) of Claims 5-12

The Examiner rejects **claims 5-6 and 9-10** under 35 U.S.C. § 103(a) as unpatentable over Megeid in view of Riedel et al. (US 2005/0060745) and rejects **claims 7-8 and 11-12** under 35 U.S.C. § 103(a) as unpatentable over Megeid in view of Riedel in further view of Abecassis.

Claims 5 and 9

Claims 5 and 9, as amended, include limitations adopted from claims 6 and 10, such as:

> *a shared personal video recorder (PVR) network server at a distribution system head end, said PVR network server for storing multiple TV programs with one or more TV programs containing TV metadata;*
>
> *a specific program delivered to a specific TV display, with the specific program having stored metadata defining unwanted program segments; and*
>
> *a processor and logic coupled to the shared personal video recorder network server adapted to compare the TV metadata with the stored metadata by removing and to remove undesired program segments from the specific program; and*
>
> *further logic adapted to reimburse a program supplier for financial loss from removal of the undesired program segments from the specific program..*

The limitations of claim 9 differ from these limitations of claim 5, *inter alia*, in that the "shared" PVR limitation is not part of claim 9. These limitations are not found in Megeid in view of Riedel in further view of Abecassis.

The Examiner concedes (OA at 5) that the secondary reference Riedel uses metadata to insert targeted advertisements before or after the TV programs by time shifting. A playlist of all the selected advertisements is generated and then played before or after the television show at the choice of the user. This is not as claimed in claims 5 and 9.

Our technology allows the user to opt out of watching commercials with a small fee to compensate the advertiser, thereby preserving the economic viability of advertising supported programs. The Examiner contends that Reidel combined with Megeid makes the current claims obvious. This combination makes no sense, as Megeid removes all advertisements from a program without any compensation to the advertiser, but Riedel combines selected advertisements in a playlist to be played before or after the show, without compensation to the viewer. Combining the opposing references, the advertiser suffers because he is not getting the benefit of the users watching his advertisement during the show and the consumer finds it easier to avoid advertisements that are concentrated before or after the show. Both these methods AND THEIR COMBINATION fail to provide a healthy balance between the interests of consumers and advertisers.

The Examiner further combines Abecassis with the conflicting references of Megeid and Reidel. The natural combination of Abecassis with Reidel would be to apply the verification routine to the targeted ads grouped at the beginning or end of the program and to pay the viewer for sitting through the ads. This would significantly increase the advertiser's costs, because the advertiser would be paying twice to sponsor the program and to buy ad viewership from the viewers.

The proposed three-way combination would not replicate the claimed invention. It would regroup advertisements to the beginning or end of a show and produce payments from the advertiser to the viewers, at least for targeted viewers who passed the verification routine. This is the result of the stated motivation to modify the combined teachings. (OA at 6) It is nothing like what we claim.

We respectfully disagree with the Examiner's leap from the system described above, which results from the cited motivation (payments to viewers for verified viewing of grouped commercials), to a conclusion that the claimed invention would be obvious. (OA at 6) It defies common sense to say that combining Abecassis' payment to viewers with Reidel's method of grouping advertisements would reverse the flow of money. There is no teaching, motivation or suggestion to that effect and it defies common sense.

The technology disclosed and presented in claims 6 and 9 gives the consumer an option to program automatic deletion of commercials for a small fee that protects the

interest of the advertiser and/or program source. None of the three references suggest this compromise or a technology that applies the compromise.

Therefore, claims 5 and 9 should be allowable over Megeid in view of Riedel in further view of Abecassis.

Claims 6-7 and 10-11

Claims 6-7 and 10-11 should be allowable for at least the same reasons as claims 5 and 9, from which they depend.

(Claims 8 and 12 are cancelled.)

Applicants respectfully submit that claims 5-7 and 9-11 should be allowable over Megeid in view of Riedel in further view of Abecassis.

CONCLUSION

Applicants respectfully submit that the pending claims are now in condition for allowance and thereby solicit acceptance of the claims as now stated.

Applicants would welcome an interview, if the Examiner is so inclined. The undersigned can ordinarily be reached at his office at (650) 712-0340 from 8:30 a.m. to 5:30 p.m. PST, Monday through Friday, and can be reached at his cell phone at (415) 902-6112 most other times.

Fee Authorization. The Commissioner is hereby authorized to charge underpayment of any additional fees or credit any overpayment associated with this communication to Deposit Account No. 50-0869 (GBTV 1001-1).

Respectfully submitted,

Dated: April 24, 2008

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